



August 16, 2013

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California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

California Energy Commission

DOCKETED

06-NSHP-1

TN 71850

AUG 19 2013

Re: Docket No. 06-NSHP-1

Dear Ms. Nguyen:

SolarCity appreciates the opportunity to submit these comments in response to the August 6, 2013 California Energy Commission (CEC) workshop on the New Solar Homes Partnership (NSHP). We are grateful that the goal of staff's suggested revisions to the NSHP Guidebook is to simply and streamline the process to participate in the NSHP and are appreciative of staff's hard work in crafting its revisions.

We wholeheartedly agree with assigned Commissioner Andrew McAllister's ultimate objective of meeting the NSHP's 400 MW installation goal by 2016. Assuming 60 MW are installed this year (about double the capacity already installed), *roughly 113 MW must be installed over the next three years in order to meet the 2016 statutory deadline*. While this is a daunting challenge, we believe it can be met and SolarCity is committed to do our part as an active participant in NSHP. However, it can only be met with significant revisions to the Guidebook and through a concerted and collaborative effort among all stakeholders. To this end, we urge the CEC and all stakeholders to keep the above goal in mind when considering any revisions to the Guidebook. Finally, while the imposition of "soft costs" is unavoidable, we believe NSHP requirements impose unacceptably high "soft costs," which, as a category, contribute to greater than 50% of the installed price of solar.

Our comments first address selected CEC staff proposals followed by our own proposals. We support most of staff's proposals but do not provide comment on all of them.

CEC Staff Proposals

1. **Removal of the 180-Day Window:** SolarCity opposes this proposal, which will effectively eliminate "solar as option" communities and thus detract from meeting NSHP's goals. It can take many months for solar developers to negotiate contracts, design the systems, apply for building permits, and install the systems. By the time a builder engages a developer, a home may have already been constructed, requiring a builder to retrofit this home with solar if a customer desires. The current 180-day window reasonably accommodates this scenario. New solar developers typically enter the housing market with "solar as option" projects in order to establish the credibility and track record sufficient to compete for "solar as standard" projects.

The option to add solar should be available to a new home owner during the entire build process, as well as after the house is built. If a "spec" home is purchased by a homeowner, and solar is to be

offered as an option, it will be installed after the certificate of occupancy has been issued.

Eliminating the window between issuances of a solar permit and the certificate of occupancy also penalizes new homeowners whose attitudes about solar can change after speaking with their neighbors or learning about the benefits of solar from community members (and not a sales rep). While we support NSHP's goal of creating a self-sustaining market for solar homes, SB 1 speaks to the goal of creating a self-sufficient solar industry so we do not interpret the statute as precluding this type of flexibility.

If the CEC continues to propose removal of this window, as an alternative, we suggest narrowing this window to 90 or 120 days, which may address some of the CEC's concerns while continuing to offer some flexibility for developers.

2. **10% True-Up of NSHP incentive:** SolarCity supports this proposal to allow the claimed NSHP incentive to exceed the NSHP incentive amount listed in the lease agreement by up to 10%.
3. **Flexibility of reservation funding at project level:** SolarCity supports and appreciates this proposal to allow developers to "bank" unused incentives at a project level for use at new, increased or unanticipated installations.

SolarCity's Proposed Revisions

4. **Model Homes Should Be Given Preferential Treatment:** We request that reservations for model homes be extended beyond the standard 3-year term because of the role they play in marketing and selling solar homes. Even though they are eventually sold, model homes, by definition, remain off the market for extended periods of time and thus, are especially at risk of rebate expiration. We believe these circumstances warrant favorable treatment and look forward to working with the CEC to develop an acceptable extension of this term.
5. **Build More Flexibility Into Reservations:** We ask that the CEC consider a variation on its proposal (#3 above) to build flexibility into reservation funding by allowing developers to apply for incremental increases to a reservation on a community-wide or project level. Given long lead times in housing construction, it is difficult to predict with 100% accuracy the ultimate size of solar systems on all developments. While the Guidebook establishes a process to apply for incremental incentives, applicants must do so on a lot-by-lot level, which is extremely inefficient for all stakeholders. This proposal will also encourage the construction of zero-net energy developments since these homes require larger systems to offset greater electricity consumption.

Generally, we strongly urge the CEC to consider solutions to streamline requests to amend reservations, either as a separate or integrated application process, commensurate with the changing dynamics and complexity of the builder process. Allowing "layered" reservations will ultimately result in more accurate reservations and fewer deliberate over-reservations. For example, we suggest the development of a *generic* CF-1R-PV without associated lots/addresses to be assignable to any lot with similar specs. A less cumbersome process to revise reservations could accommodate the following real-world changes builders or solar developers face:

- *Switching from solar-as-option (SAO) to solar-as-standard (SAS) projects*
- *Increases in solar panel efficiency*
- *Solar lot additions*

- *Construction plan additions or changes*

6. **Bring Parity to SAO and SAS Communities:** We support staff's proposal to remove the 50% limitation on the total number of sites at SAO communities and additionally propose eliminating the disparity in reservation size caps (3 kW vs. 7.5 kW) between SOA and SAS communities. We have observed increased demand from homeowners for larger system sizes and expect this trend to continue.

We believe the 3 kW cap penalizes homeowners by artificially limiting demand and, if homeowners decides to upsize their system, rendering the upsized incentive significantly disproportionate to the base incentive. The restriction also penalizes optional homeowners for builders' business decisions. We find this particularly unfortunate because it is the SAO homeowner whose individual attitudes toward solar are most strongly shaped and benefited by incentive programs like NSHP.

7. **Applicants Are Entitled to Due Process and Certainty of Review:** We welcome and support staff's proposal to add a 10-day correction period to the application process as a first step towards any due process for NSHP applicants. In its December 19, 2012 comments to the CEC, the California Building Industry Association, Vote Solar, and the Solar Energy Industries Association previously requested such comprehensive due process provisions. *It puzzling and dissatisfying that the NSHP Guidebook is silent on processes and channels for communicating grievances, protests, sanctions, and resolving disputes.* Adequate due process would lead to more consistent and less arbitrary application review and treatment by Program Administrators and would streamline or eliminate ad hoc adjudication by CEC staff.

PAs routinely impose additional requirements that are not listed in the Guidebook or the online NSHP web portal. This practice creates confusion and inefficiencies for NSHP participants and increases the program's "soft costs". In some cases, applications are rejected without any explanation after many weeks of review at the end of a multi-week review. In short, it is not entirely clear what is expected of applicants and the Guidebook does not afford applicants with any avenue for redress in the face of arbitrary or simply inconsistent decision-making. For example, some PAs allow us to re-submit documentation while others simply reject applications and thus force applicants to start the process entirely anew after already experiencing extraordinary review timeframes.

- Due process procedures should be uniform statewide. For simplicity and expediency, we refer the CEC to the appeals and dispute resolution provisions in the CSI Handbook.
- Application review periods can range from 1-3 months. At the August 6, 2013 workshop, CEC staff suggested a review timeline of 6-15 weeks. For SolarCity's 2011-2013 applications, according to the NSHP webtool, the average number of days to confirm reservations for each Program Administrator (PA) follows: PG&E – 151 days; SCE – 289 days; SDG&E – 378 days. During review, incentive levels can drop and if application is rejected, project will have to be reapplied at lower incentive level.
- We suggest a reasonable project review timeframe would be 45 days, comprising a completeness review lasting no longer than 30 days and a processing/validation review lasting no longer than 15 days. We are open to alternative periods. Within the first period, application deficiencies could be addressed without the risk of rejection. Beyond this window, an

application could be rejected or a PA and applicant may “meet and confer” and establish a mutually agreeable timeframe in which to resolve deficiencies.

8. **Revamp HERS Registry Processes:** The existing HERS verification process relies on many actors. But instead of a streamlined and efficient collaboration, the process is bloated, redundant, and largely opaque to installers. Using a shared HERS registry may only complicate matters so we propose the establishment of a stakeholder process to develop consensus solutions to overhaul processes associated with the HERS registry. Some installer-focused suggestions include:

- *An approach that prioritizes parallel collaboration over serial validation*
- *An approach that emphasizes project-wide flexibility over site-specific verification*
- *Installers should gain ability to upload CF-1R-PV's without initial PA involvement*
- *Abolish CF-6R-PV or combine CF-6R-PV with CF-4R-PV*
- *Create project-wide lists of pre-approved system specs or profiles to allow greater flexibility in verification*
- *Allow for minor, non-severe errors to be handled locally, without resetting or restarting the entire process*
- *We agree with HERS representatives that HERS raters' data should take precedence in certification process; if anything, installers should be matching rater data, not vice versa*
- *We support having the raters' 4RPV populating the on-file 1RPV*

9. **Minimize Homeowner Inconvenience During HERS Verifications:** The broader goal of overhauling the HERS registry is to facilitate what we have identified as a best practice for solar installers: streamlining HERS verifications to occur prior to homeowner move-in. According to HERS providers, this has proved almost entirely impossible for solar installers across the industry to institute. We find that scheduling HERS verifications once homeowners have moved in has proven difficult logistically both for installers and for builders, burdens HERS raters and homeowners. We respectfully request that any revisions to the HERS registry, and to the HERS process in general, never lose sight of the importance to minimize homeowner intrusion.

10. **Proposed Changes to Webtool:** We suggest a number of revisions to the NSHP webtool, primarily for convenience and tracking. We would welcome an open webinar session or roundtable to discuss other suggestions but submit two for consideration:

- Build in a more robust reporting feature to track project- and site-specific progress, specifically with the abilities to print and export site payment data and address lists
- Allow a correction status for webtool projects needing clarification or revision. The current standard is for projects to be disapproved in the webtool altogether to re-grant installers access to field

11. **Miscellaneous Application Requirements:** The application process appears to suffer from some obscure requirements, applied inconsistently or on an ad hoc basis. Accordingly, we suggest the following solutions:

- *Abolish the requirement for CF-1R-PV signatures*
- *Allow PV installers to upload CF-1R-PV's to HERS registry*
- *Abolish NSHP-3's, since installers provide their own warranty documentation*
- *Abolish wet-signed signature requirement for NSHP-2's sent to a PA*

- *Abolish Interconnection letter requirement as webtool attachment*
- *Allow electronic signatures on all forms and documents*
- *Allow for a broader CFI definition (tilt, azimuth range)*

Thank you for considering these comments. Should you have any questions, feel free to contact me 650-963-0452.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dan Chia', with a stylized flourish at the end.

Dan Chia
Director, Policy & Electricity Markets